

## Dealing With China In the Coming Years

Ross Terrill

Harvard University

**ROSS TERRILL** was born in Australia and served in the Australian army in 1957-58. He has degrees from Wesley College and the University of Melbourne and a Ph.D. from Harvard University.



He has taught at several colleges and universities and since 1970 has been research associate at the Fairbank Center for East Asian Research at Harvard University. He travels regularly in East Asia, has visited China numerous times beginning in 1964, and was an eyewitness to the Tiananmen Square massacre in June 1989. His writing has appeared in numerous journals and newspapers, including the *Wall Street Journal*. He is the author of nine books, including biographies of Mao Zedong and Madame Mao, and, most recently, *The New Chinese Empire*, which won the 2004 *Los Angeles Times* Book Prize.

*The following is adapted from remarks delivered on February 13, 2007, at a Hillsdale College National Leadership Seminar in Fort Myers, Florida, on the topic, "National Security: Short- and Long-Term Assessments."*

**How should** we deal with China in the coming years? Do we oppose China, or can we coax it into the so-called international community? Simply put, we should stand up for freedom. The United States represents a beacon of hope to a new generation of Chinese who live in a Leninist regime supervising a semi-capitalist society—an arrangement that so far has never lasted for a sustained period. If we are going to deal with China properly in the coming years, we have to confront this contradiction.

Whether desirable or not, China is rising: Try to spend a day shopping without coming home with Chinese-made products. Adopt a baby and it may well be from China. Asian-American students comprise 50 percent or more of the student body at numerous American colleges. China's GDP quadrupled in Deng Xiaoping's two decades from 1978 to 1992. Since then it has been growing even faster at 10-11 percent per year. Foreign trade increased tenfold during Deng's reign. China's economic advance has led to military expansion, diplomatic sophistication, a relentless quest for markets, enormous oil consumption, an enhanced capacity to import and swelling nationalism.

What is China trying to do and to be? As a free society, America trumpets its goals. By contrast, China tends to hide its goals. Its stated aims are peace and development. Its real



aims are to sustain its economic growth, have a tranquil set of borders for that purpose (China has 14 borders), eclipse the United States in East Asia and regain “lost” territory. (Taiwan is only one of the territories that, because the Chinese emperor once possessed it, the Chinese government believes should return to China.) While Beijing does enormous business with us, it regularly launches anti-American diatribes. And while it advocates a world free of arms, it has lined up 800 missiles opposite Taiwan.

The prospect of China achieving its international aims—especially outstripping the U.S. and expanding its territory—depends on two things: the future of its political system and whether the United States and other countries acquiesce in China’s rise. The popular idea is that China is in transition from communism to freedom, as we heard when President Clinton went to China in 1998 and said, “China is moving to join the thriving community of free democracies.” Others say that communism hasn’t yet been abandoned in China, but a seamless transition is in the works: As long as China continues its reforms, lets the private sector grow, fulfills its pledges to the World Trade Organization and replaces the whim of a single leader with general rules and regulations, then the world will wake up one morning and see that China, like Poland or Mongolia, has truly ended communist rule.

But reform can be illusory. The Hungarian reformers of the late 1960s believed in open-ended reform, and ultimately that led to the collapse of socialism. But communist reform can be intended merely to streamline socialism. I think this is the view of the Chinese communist party. We might think or hope that such reforms will undermine communism. Certainly many Chinese privately hope for this. But in and of themselves, reforms could for a time strengthen the system.

# Three Futures

There are three possibilities for China’s next quarter-century. One is that there will be no transition to a different political system. What we see now—commercialized Leninism—is what we will see in another 25 years. The communist party will buy off the Chinese people with a better material way of life. There will be no rule of law if this happens, but rather continued repression. The second possibility is democracy. According to this view, the new society and the new economy will produce a new liberalized politics. The third possibility is that the contradictions of China today mean that the country is headed for fracture. An authoritarian state and a free economy are simply incompatible in this view, and explosion lies down the road.

The argument that commercialized Leninism will continue goes something like this: First, the communist leaders have no plans to abandon it, since they profit from it. Second, Beijing—which wants economic but not political change—has learned from Mikhail Gorbachev’s mistake. Gorbachev tried to start with political change and then did not deliver the economic goods to the Soviet people. Third, China now has the economic muscle to pacify the losers of its reform era, such as farmers and a massive army of unemployed workers. Fourth, the Chinese state is more resourceful because of its long tradition of domestic imperial rule. Fifth, there is a lack of fanaticism: Chinese dictatorships have never been theocratic, and still have a pragmatic streak today. Finally, the leadership is more than willing to play the national glory card: space missions, the Olympic games, and communist archaeologists’ attempts to prove that China is 5,000 years old (which it isn’t), thus older than India. The regime thinks these achievements will keep the Chinese people happy.

Imprimis (im-pri-mis),  
[Latin]: in the first place

EDITOR

Douglas A. Jeffrey

DEPUTY EDITOR

Timothy W. Caspar

COPY EDITORS

Monica VanDerWeide  
Jeremy Young

ART DIRECTOR

Angela Lashaway

PRODUCTION MANAGER

Lucinda Grimm

CIRCULATION MANAGER

Patricia A. DuBois

STAFF ASSISTANTS

Kim Jackson  
Wanda Oxenger  
Kim Tedders

Copyright © 2007 Hillsdale College.

The opinions expressed in Imprimis  
are not necessarily the views  
of Hillsdale College.

Permission to reprint in whole or  
in part is hereby granted, provided  
the following credit line is used:  
“Reprinted by permission from Imprimis,  
a publication of Hillsdale College.”

SUBSCRIPTION FREE UPON REQUEST.

ISSN 0277-8432

Imprimis trademark registered in U.S.  
Patent and Trade Office #1563325.

**DEPOSIT NOW! SAVE THOUSANDS!  
LIMITED TIME INCENTIVE PACKAGE!**

# Life, Liberty and the Pursuit of the Ideal Retirement

**You'll find it at Independence Grove**

"We enjoy taking classes, and attending lectures and concerts and NCAA sporting events, so living at Independence Grove at Hillsdale College is the right retirement choice for us."

Future Residents Barbara & Gerald Babcock



PLEASE CALL TO RESERVE YOUR SPACE  
AT OUR NEXT INFORMATION SESSION.

**1-800-398-8193**

[WWW.INDEPENDENCEGROVEATHILLSDALECOLLEGE.COM](http://WWW.INDEPENDENCEGROVEATHILLSDALECOLLEGE.COM)

**Independence Grove Information Center**  
1620 Barber Drive, Hillsdale, MI 49242



The main reason to doubt that commercialized Leninism will survive is simple: It has never survived before. And besides, success is not solely in the Chinese leadership's hands. They have unleashed forces which may deny them their goal. For example, entry into the World Trade Organization is a very complicated step. As American banks start to lend Chinese currency to Chinese citizens at rates different from Chinese communist banks, what will be the effects? China has promised to allow foreign banks to expand this policy, but will it? And how will Chinese banks manage with the resulting hugely reduced deposits? Another factor to consider: Last year, 57 percent of China's exports were produced by joint-venture enterprises, which means foreign money is behind this boom. What will be the implications of that? Will foreign investment continue at a high level?

There are other reasons to doubt that the current system will last. Since Beijing has told its people that economic success is now the measure of communism's success, one severe recession might be enough to finish it off. And do not forget that the loss of the American market, due to any Sino-American rupture, would mean the loss of 30 percent of China's exports, and that would probably

end the regime. Finally, economic freedom and political freedom cannot be separated for long. It was not for nothing that Adam Smith described his ideas about the free economy as a system of natural liberty, or that Friedrich Hayek called his book about the futility of centralized economic planning *The Road to Serfdom*.

What are the reasons for thinking that China will transform itself into a democracy? There are some hopeful signs: Other former Leninist states have adopted some form of democracy. In fact, against the predictions of many, democracy has also taken root in parts of Chinese civilization, in Taiwan and to a degree in Hong Kong. Nor is this unprecedented. There were flickers of democracy in early 20th century China, but they were overwhelmed by warlordism and the second Sino-Japanese war. Certain preconditions of democracy do exist in China: One can buy a house (though not the land it stands on); education is at respectable levels; there is limited diversification of information; and professionals such as lawyers and journalists are pushing for autonomy.

Several factors, however, oppose a transition to democracy. Rural hinterland China is a world away from the new economy of eastern, coastal,

urban China. An ingrained respect for hierarchy dominates society. Village elections have been tried, but people often don't vote for what they want—rather they vote as the communist party secretary or the clan power-holders tell them. Furthermore, it is very hard to envision national democracy in China. For example, an attempt to found a farmers party in China would in fact lead to mul-

tiples farmers parties in the 28 provinces (some of these with more than 100 million people). Political pluralism would bring out the astonishing and potentially dangerous diversity among the Chinese people, which authoritarianism holds in check.

Another barrier to effective democracy is the fact that 250 million Chinese are illiterate, as measured by a very low government standard that requires knowledge of a mere 400 Chinese characters. Also, there is no national spoken language. Those who speak Mandarin can't be understood in south China. The Cantonese of south China is as different from Mandarin as Swedish is from English. Non-Chinese tongues dominate the western half of China: Turkic tongues to the west, Tibetan to the southwest, Mongol to the northwest. In sum, an attempt at democracy in China could initially produce a mess, and many bright Chinese bureaucrats know that to be true.

What is the possibility of fracture, of China breaking into pieces? The problem of governance looms large. Take the population of the United States and add that of Russia, Indonesia, Japan, Brazil and all of Western Europe, and this is still well short of China's population of 1.3 billion. Historically, the western half of the country is not Chinese at all. It has been at various times a Tibetan kingdom, part of Mongolia and a Turkic state linked with what we now call Central Asia. Economic development in Tibet and the Muslim west could embolden these minority peoples; cell phones make it easier for them to organize; plane tickets to Mecca come within

reach for devout Muslims. Indeed, Chinese leaders have often talked among themselves about the dangers of civil war or fracture.

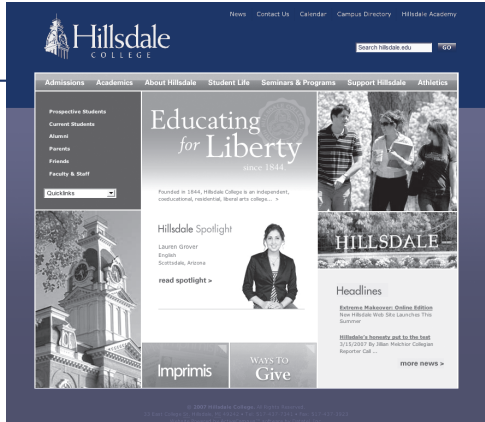
What mitigates against fracture? Most important is the fact that China's population is 92 percent Chinese. By contrast, the Soviet Union was only 50 percent Russian. Furthermore, China experienced disunity in the past, and its people as well as its government are

more wary of disunity than is true in most other countries.

How and why would the political system change? There has to be a trigger in the form of a crisis in at least two of three areas: society at large, the communist party leadership and international relations. The current regime has lasted as long as it has because it hasn't had such a crisis in decades.

Chinese society may experience a crisis due to the substantial and ongoing religious revival or because of the undoubted high level of farmer dissatisfaction. But even taking social upheaval as a given, there is no split at the top of the communist party at the moment, nor does a grave international challenge loom. This is not to say that there have not been horrendous splits in the party in the past: When Mao died in 1976, his widow intended to succeed him, but so did Deng Xiaoping, who was under house arrest. Meanwhile, the politburo was split pretty much down the middle. Two rival *coups d'état* were planned, and eventually Deng triumphed. The Chinese public did not know of this struggle until it was over. Had this power struggle occurred in public in the context of social turbulence and an international challenge, things might well have turned out differently in the late 1970s.

However, if the military, which is not friendly to the United States, triggered some kind of dislocation in Chinese–U.S. relations, then there would be an interaction between all three of the spheres I mentioned. The Chinese economy (and therefore the society) would be affected, and some members



## Hillsdale College Launches Re-Designed Web Site

New Features. Easier Navigation.  
Visit Today.

[www.hillsdale.edu](http://www.hillsdale.edu)

of the Chinese leadership would oppose this rupture with Washington. This would lead to an interaction between an international crisis, social turbulence and a major disagreement at the top of the Chinese government. The confluence of all three, or even two, would almost certainly cause political change.

I don't think the communist party's monopoly on power will last beyond 20 years. But neither do I think China will break up into pieces. The communist party may itself break up, which would lead to political competition between the different pieces. I think there will be a somewhat freer political order over this time frame, but not democracy.

## The Role of the U.S.

The United States should do two main things in dealing with China: First, seek full engagement, especially with China's private sector. Second, seek to preserve an equilibrium in East Asia that discourages Beijing from expansionism. No contradiction exists between these two policies.

Opposing authoritarianism on principle and yet engaging with an emerging China is a contradiction we can and should live with. China's rise is to be welcomed in many ways. It is a market for our products. It is culturally enriching for China and America to interact. What is more, if China did break up into pieces, it would benefit Russia and Japan, not the United States. What would not be good for us is a China that keeps on rising but remains a dictatorship with unending territorial claims—including parts of Siberia and many southern islands stretching to Indonesia—makes a vassal out of Burma, threatens Tibet, represses religion, arrests people for what they write on the Internet and locks up pro-democracy leaders. This kind of China, if it still exists in 20 years, would not be stable or a friend to the United States. We do want an accommodating relationship with China, if we can have it. But because of the political nature of China, tomorrow is unknown. We have to engage fully but keep ourselves and our allies strong. The United States should not allow China to become the number one power in the world, and indeed, President Bush has welcomed Japan's new assertiveness

and held out a hand to India precisely in order to signal that stance.

Alas, some people are so hostile to President Bush—and to America—that they hope China will become the world's leading power. Many think we have become unworthy of the role. Of course, this has been said before. It was said after our withdrawal from Vietnam. But within five years we elected Ronald Reagan, who didn't think we were unworthy at all. It was predicted in the 1980s when Japan was supposed to become the world's leading economy. Paul Kennedy, in his much-acclaimed book *The Rise and Fall of the Great Powers*, said we were suffering from "imperial overstretch" and predicted we would decline. Well, what fell down was not the United States but the Soviet Union, and there is no comparison between America's economy today and Japan's. Some said the collapse of the Soviet Union would end any American need for global strength. But this never happened, and there is no sign that it will.

Of course, China would fill the vacuum if the U.S. ever left East Asia. But otherwise, China's rise will be limited. The Chinese leaders—who are not reckless people—can count the numbers. They observed the Gulf War and saw our military technology. I think they are aware of the large gap between American power and their own. However, I do worry at times that authoritarian China has an advantage over the U.S. It can take the long view, hiding its aims; it can pull the strings of Chinese public opinion; it can set the agenda of international organizations with an eye to weakening the U.S., while doing nothing itself to implement the resulting policies. It has access to an open American society that far outstrips our access to Chinese society.

But, in the final analysis, no dictatorship is strong if the U.S. retains the will to stand against it, as we did against the Soviet Union. The average lifespan of the Leninist regimes in Europe was 27 years. The Chinese communist regime is 57 years old, 17 years short of the lifespan of the

Soviet Union. We should talk back to the Chinese when they question our open society, and openly criticize Chinese repression. Above all, we should continue to be a beacon for freedom, with dignity and patience, but also with tenacity and with no apologies. ■

### HILLSDALE COLLEGE Educating For Liberty Since 1844

#### DID YOU KNOW?

In 1844, Hillsdale College was founded for the purpose of offering "all persons, irrespective of nationality, color or sex . . . a literary and scientific education," enrolling blacks, women and other minorities nearly two decades before the Civil War. Hillsdale was the first college in the nation to have principles of nondiscrimination written into its charter.